



7020-02

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337-TA-837]

Certain Audiovisual Components And Products Containing The Same

Commission Determination To Review A Final Initial Determination Finding A Violation Of Section 337 In Its Entirety; Schedule For Filing Written Submissions On Certain Issues Under Review And On Remedy, Bonding, And The Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to review the final initial determination (“ID”) issued by the presiding administrative law judge (“ALJ”) on July 18, 2013 in its entirety. The Commission requests certain briefing from the parties on the issues under review, as indicated in this notice. The Commission also requests briefing from the parties and the public on the issues of remedy, bonding, and the public interest.

FOR FURTHER INFORMATION CONTACT: Cathy Chen, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2392. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone (202) 205-2000. General information concerning the Commission may also be obtained by accessing its Internet server at <http://www.usitc.gov>. The public record for this investigation may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission’s TDD terminal on (202) 205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on April 11, 2012, based on a complaint filed by LSI Corporation of Milpitas, California and Agere Systems Inc. of Allentown, Pennsylvania (collectively, “LSI”). 77 *Fed. Reg.* 22803 (Apr. 11, 2012). The complaint alleged violations of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), by reason of infringement of various claims of United States Patent Nos. 5,870, 087 (“the ’087 patent”); 6,452,958 (“the ’958 patent”); 6,707,867 (“the ’867 patent”); and 6,982,663 (“the ’663 patent”). The Commission’s notice of investigation named several respondents, including Funai Electric Co., Ltd. of Osaka, Japan; Funai Corporation, Inc. of Rutherford, New Jersey; P&F USA, Inc. of Alpharetta, Georgia; and Funai Service Corporation of Groveport, Ohio (collectively, “Funai”); and Realtek Semiconductor Corporation of Hsinchu, Taiwan (“Realtek”). The Office of Unfair Import Investigations is not participating in this investigation.

On July 18, 2013, the ALJ issued the final ID, which found a violation of section 337 as to certain audiovisual components and products containing the same with respect to claims 1, 5, 7-11 and 16 of the ’087 patent. In particular, the ALJ found that Funai’s accused products directly infringed claims 1, 5, 7-9 and 16 of the ’087 patent and that Funai induced infringement of claims 10 and 11 of the ’087 patent. The ALJ found no violation of section 337 in connection with any asserted claims of the ’958, the ’867, and the ’663 patents. The ALJ also found that the asserted patents were not shown to be invalid; that the domestic industry requirement is satisfied as to all the asserted patents; and that respondents did not prevail on any equitable or reasonable and non-discriminatory (RAND) defenses. On July 31, 2013, the ALJ made recommendations on appropriate remedies and bonding should the Commission find a violation of section 337.

On August 5, 2013, LSI and Funai filed their respective petitions for review of the final ID. That same day, Realtek filed a contingent petition for review of the final ID. The parties filed timely responses on August 13, 2013. Non-party Koninklijke Philips N.V. filed its public interest comments on August 30, 2013. On September 3, 2013, the parties filed their respective public interest comments pursuant to Commission rule 210.50(a)(4).

On August 16, 2013, the Commission determined to extend the date by which the Commission determines whether to review the final ID to October 1, 2013, and the target date for completion of the investigation to December 9, 2013. Due to the federal government shutdown and the Commission Notice extending all deadlines by the length of the shutdown, the date by which the Commission determines whether to review the final ID was extended to October 17, 2013.

Having examined the record of this investigation, including the ALJ's final ID, the petitions for review, and the responses thereto, the Commission has determined to review the ALJ's final ID in its entirety.

In connection with its review of the final ID, the parties are invited to brief only the discrete issues enumerated below, with reference to the applicable law and the evidentiary record. The parties are not to brief other issues on review, which are adequately presented in the parties' existing filings.

1. What evidence in the record supports or does not support the conclusion that the two DRAMs in each of the Funai products accused of infringing the '087 patent is a single memory having one or more memory chips? With respect to each of the Funai products accused of infringing the '087 patent, what evidence in the record supports or does not support the conclusion that the two DRAMs used by the

transport logic, MPEG decoder and system controller function as a unit? To the extent that each Funai product includes a flash memory, what code and/or data is stored in the flash memory and does the flash memory function as a unit with the two DRAMs?

2. What record evidence supports or does not support finding direct infringement by a third party user of each of the Funai products accused of infringing claims 10 and 11 of the '087 patent?
3. Please discuss and cite the record evidence, if any, that shows Funai actively and knowingly aided and abetted another's direct infringement of claims 10 and 11 of the '087 patent.
4. Please discuss and cite the record evidence, if any, of how a person of ordinary skill in the art would interpret steps (A), (B), and (C) of claim 1 and elements (i), (ii) and (iii) of claim 11 of the '663 patent. Please also discuss how such record evidence shows or does not show that each step and element are or are not met literally and/or under the doctrine of equivalents by each of the accused Funai products containing MediaTek decoders.
5. Please discuss and cite the record evidence, if any, that shows a third party user of each of the Funai products accused of infringing the '663 patent performed each and every step of asserted claims 1-9 of the '663 patent.
6. Please discuss and cite the record evidence, if any, that shows Funai actively and knowingly aided and abetted another's direct infringement of claims 1-9 of the '663 patent.
7. Please discuss and cite the record evidence, if any, of Funai's pre-suit knowledge of the '087 patent and/or the '663 patent and Funai's pre-suit knowledge that the induced acts

constitute infringement of the '087 patent and/or the '663 patent.

8. What record evidence supports or does not support the conclusion that the '958 patent is entitled to the July 30, 1996 priority date of U.S. Patent No. 5,862,182?
9. Please discuss and cite the record evidence, if any, that shows the asserted claims of the '958 patent are invalid as being anticipated or rendered obvious by Prasad. Assuming the priority date of the '958 patent is April 22, 1998, please discuss and cite the record evidence, if any, that shows the combination of the Harris Proposal in view of the van Nee article, and the combination of the Proakis textbook in view of the Weathers patent render the asserted claims of the '958 patent obvious.
10. What record evidence supports or does not support the conclusion that U.S. Patent Application No. 08/155,661 was abandoned in December 2001 because the applicant failed to file a reply to the Office Action mailed on June 7, 2001 within the six-month statutory deadline (35 U.S.C. § 133)? Please discuss and cite the record evidence, if any, showing proof of the USPTO's grant of an extension in December 2001.
11. Please discuss and cite any record evidence of the standard essential nature of the '663, the '958, and the '867 patents.
12. Please discuss, in light of the statutory language, legislative history, the Commission's prior decisions, and relevant court decisions, including *InterDigital Commc'ns, LLC v. Int'l Trade Comm'n*, 690 F.3d 1318 (Fed. Cir. 2012), 707 F.3d 1295 (Fed. Cir. 2013), and *Microsoft Corp. v. Int'l Trade Comm'n*, Nos. 2012-1445, -1535 (Oct. 3, 2013), whether establishing a domestic industry based on licensing under 19 U.S.C. § 1337 (a)(3)(C) requires proof of "articles protected by

the patent” (*i.e.*, a technical prong). If so, please identify and describe the evidence in the record that establishes articles protected by the asserted patents.

In connection with the final disposition of this investigation, the Commission may (1) issue an order that could result in the exclusion of the subject articles from entry into the United States, and/or (2) issue one or more cease and desist orders that could result in the respondent(s) being required to cease and desist from engaging in unfair acts in the importation and sale of such articles. Accordingly, the Commission is interested in receiving written submissions that address the form of remedy, if any, that should be ordered. When the Commission contemplates some form of remedy, it must consider the effects of that remedy upon the public interest. The factors the Commission will consider include the effect that an exclusion order and/or cease and desist orders would have on (1) the public health and welfare, (2) competitive conditions in the U.S. economy, (3) U.S. production of articles that are like or directly competitive with those that are subject to investigation, and (4) U.S. consumers. The Commission is therefore interested in receiving written submissions that address the aforementioned public interest factors in the context of this investigation. In particular, the Commission is interested in the following issues, with reference to the applicable law, the existing evidentiary record, and if necessary, additional sworn testimony or expert declarations:

1. Please discuss and cite any record evidence of the allegedly RAND-encumbered nature of the declared standard essential '663, '958, and '867 patents. With regard to the '958 patent and the '867 patent, what specific contract rights and/or obligations exist between the patentee and the applicable standard-setting organization, *i.e.*, the Institute of Electrical and Electronic Engineers, Inc. (IEEE)? With regard to the '663 patent, what

specific contract rights and/or obligations exist between the patentee and the applicable standard-setting organization, *i.e.*, the International Telecommunication Union (ITU)?

2. Please summarize the history to date of negotiations between LSI and Funai and between LSI and Realtek concerning any potential license to the '663, the '958, and the '867 patents, either alone, in conjunction with each other and/or the '087 patent, and/or in conjunction with non-asserted patents. Please provide copies of, or cite to their location in the record evidence, all offers and communications related to the negotiations including any offer or counteroffer made by Funai and Realtek.
3. Please summarize all licenses to the '663, the '958, and the '867 patents granted by LSI to any entity including evidence of the value of each patent if such patent was licensed as part of a patent portfolio. Please provide copies of, or cite to their location in the record evidence, all agreements wherein LSI grants any entity a license to these patents. Please also provide a comparison of the offers made to Funai and/or Realtek with offers made to these other entities.
4. If applicable, please discuss the industry practice for licensing patents involving technology similar to the technology in the '663, the '958, and the '867 patents individually or as part of a patent portfolio.
5. Please identify the forums in which you have sought and/or obtained a determination of a RAND rate for the '663, the '958, and the '867 patents. LSI, Funai and Realtek are each requested to submit specific licensing terms for the '663, the '958, and the '867 patents that each believes are reasonable and non-discriminatory.
6. Please discuss and cite any record evidence of any party attempting to gain undue leverage, or constructively refusing to negotiate a license, with respect to the '663, the

'958, and the '867 patents. Please specify how that evidence is relevant to whether section 337 remedies with respect to such patents would be detrimental to competitive conditions in the U.S. economy and any other statutory public interest factor.

If the Commission orders some form of remedy, the U.S. Trade Representative, as delegated by the President, has 60 days to approve or disapprove the Commission's action. See Presidential Memorandum of July 21, 2005, 70 *Fed. Reg.* 43251 (July 26, 2005). During this period, the subject articles would be entitled to enter the United States under bond, in an amount determined by the Commission. The Commission is therefore interested in receiving submissions concerning the amount of the bond that should be imposed if a remedy is ordered.

WRITTEN SUBMISSIONS: The parties to the investigation are requested to file written submissions on the issues identified in this notice. Parties to the investigation, interested government agencies, and any other interested parties are encouraged to file written submissions on the issues of remedy, the public interest, and bonding. Such submissions should address the recommended determination by the ALJ on remedy and bonding with respect to the asserted patents. Complainant is also requested to submit proposed remedial orders for the Commission's consideration. Complainant is further requested to state the date that the patents expire and the HTSUS numbers under which the accused products are imported. The written submissions and proposed remedial orders must be filed no later than close of business on Friday, November 1, 2013. Initial submissions by the parties are limited to 100 pages, not including submissions related to remedy, bonding, and the public interest. Reply submissions must be filed no later than the close of business on Monday, November 11, 2013. All reply submissions are limited to 60 pages, not including submissions related to remedy, bonding, and the public interest. No

further submissions on these issues will be permitted unless otherwise ordered by the Commission.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to section 210.4(f) of the Commission's Rules of Practice and Procedure (19 C.F.R. 210.4(f)). Submissions should refer to the investigation number (“Inv. No. 337-TA-837”) in a prominent place on the cover page and/or the first page. (See Handbook for Electronic Filing Procedures,

http://www.usitc.gov/secretary/fed_reg_notices/rules/handbook_on_electronic_filing.pdf).

Persons with questions regarding filing should contact the Secretary (202-205-2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 C.F.R. § 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. A redacted non-confidential version of the document must also be filed simultaneously with the any confidential filing. All non-confidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.

The authority for the Commission’s determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. § 1337), and in sections 210.42-46 and 210.50 of the Commission’s Rules of Practice and Procedure (19 C.F.R. §§ 210.42-46 and 210.50).

By order of the Commission.

Lisa R. Barton

Secretary to the Commission

Issued: October 17, 2013

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